

(6) For purposes of determining the applicability of the program income requirements included in this part and in 24 CFR 85.25, the grant period is the time between the effective date of the grant agreement and the close-out of the grant pursuant to the requirements of § 1003.508.

(7) As provided for in 24 CFR 85.25(g)(2), program income received will be added to the funds committed to the grant agreement and shall be used for purposes and under the conditions of the grant agreement.

(8) Recording program income. The receipt and expenditure of program income as defined in § 1003.503(b) shall be recorded as part of the financial transactions of the grant program.

(Approved by the Office of Management and Budget under control number 2577-0191)

§ 1003.504 Use of real property.

The standards described in this section apply to real property within the grantee's control which was acquired or improved in whole or in part using ICDBG funds in excess of \$25,000. These standards shall apply from the date ICDBG funds are first spent for the property until five years after the closeout of the grant from which the assistance to the property was provided.

(a) A grantee may not change the use or planned use of any such property (including the beneficiaries of such use) from that for which the acquisition or improvement was made unless the grantee provides affected citizens with reasonable notice of, and opportunity to comment on, any proposed change, and either:

(1) The new use of such property qualifies as meeting the primary objective set forth in § 1003.208 and is not a building for the general conduct of government; or

(2) The requirements in paragraph (b) of this section are met.

(b) If the grantee determines, after consultation with affected citizens, that it is appropriate to change the use of the property to a use which does not qualify under paragraph (a)(1) of this section, it may retain or dispose of the property for the changed use if the grantee's ICDBG program is reimbursed in the amount of the current

fair market value of the property, less any portion of the value attributable to expenditures of non-ICDBG funds for acquisition of, and improvements to, the property.

(c) If the change of use occurs after program closeout, the proceeds from the disposition of the real property shall be used for activities which meet the eligibility requirements set forth in subpart C of this part and the primary objective set forth in § 1003.208.

(d) Following the reimbursement of the ICDBG program in accordance with paragraph (b) of this section, the property no longer will be subject to any ICDBG requirements.

§ 1003.505 Records to be maintained.

Each grantee shall establish and maintain sufficient records to enable the Secretary to determine whether the grantee has met the requirements of this part. This includes establishing and maintaining records demonstrating that the recipient has made the determinations required as a condition of eligibility of certain activities, including as prescribed in § 1003.209.

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§ 1003.506 Reports.

(a) *Status and evaluation report.* Grantees shall submit a status and evaluation report on previously funded open grants 45 days after the end of the Federal fiscal year and at the time of grant close-out. The report shall be in a narrative form addressing these areas.

(1) *Progress.* The progress made in completing approved activities should be described. This description should include a listing of work remaining together with a revised implementation schedule, if necessary.

(2) *Expenditure of funds.* A breakdown of funds spent on each major project activity or category should be provided.

(3) *Grantee assessment.* If the project has been completed, an evaluation of the effectiveness of the project in meeting the community development needs of the grantee should be provided.

(b) *Minority business enterprise reports.* Grantees shall submit to HUD, by April 10, a report on contract and